



County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 18, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

MOTION BY SUPERVISOR KNABE TO SUPPORT FEDERAL LEGISLATION WHICH WOULD DESIGNATE RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER AS A REHABILITATION INNOVATION CENTER (ITEM NO. 15, AGENDA OF MAY 22, 2012)

Item No. 15 on the May 22, 2012 Board Agenda is a motion by Supervisor Knabe requesting the Board of Supervisors to support Federal legislation which would designate the Rancho Los Amigos National Rehabilitation Center as a Rehabilitation Innovation Center, and instruct the County's Chief Executive Officer to notify the County's Legislative Delegation of the Board's support.

Supervisor Knabe's motion refers to a draft bill, called the Preserving Rehabilitation Innovations Center Act of 2012, which Senator Richard Durbin (D-IL) plans to introduce soon. This bill would provide additional Medicare payments to rehabilitation innovation centers to account for their additional costs for the complex care that they provide to Medicare patients and to indirectly cover their research and training costs. These additional payments would be similar, in concept, to the additional Medicare indirect graduate medical education payments provided to teaching hospitals for care provided to Medicare patients. The Rancho Los Amigos National Rehabilitation Center ("Rancho"), which is one of the nation's top-rated rehabilitation centers, would qualify as a "rehabilitation innovation center" -- the newly established category of rehabilitation facilities that would receive an additional Medicare payment under the draft bill.

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The County's Department of Health Services supports this legislation because it would increase Medicare payment rates which currently are insufficient to cover the cost of the complex patient care, research, and training provided at Rancho. The Department's preliminary estimate is that Rancho's Medicare revenue could increase by \$500,000 a year if the bill were enacted. **The motion's recommendation to support this legislation, therefore, is consistent with the overall Federal principle in the County's Federal Agenda to maximize Federal revenues to the County.** As noted earlier, the additional Medicare payment that would be provided to rehabilitation hospitals, such as Rancho, is similar to graduate medical education payment provided to teaching hospitals. **The bill's additional Medicare payment, therefore, is also consistent with the existing Board policy in the Federal Agenda to support increased Medicare payments to public teaching hospitals, such as the County's.**

WTF:RA
MR:MT:sb

c: Executive Office, Board of Supervisors
County Counsel